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FOR INFORMATION

**FINANCIAL REPORT FOR THE WORLD SUMMIT FOR CHILDREN
AND SUMMIT-RELATED MOBILIZATION ACTIVITIES**

SUMMARY

The present document provides a financial report on the World Summit for Children meetings and Summit-related mobilization activities. It presents statements on pledges received and funds deposited into UNICEF accounts, and provides details on commitments and expenditures. As some payments continue to be made, the special accounts established for this purpose will be closed only at the end of 1991. All expenditures are expected to be met within the approved budgets.

Introduction

1. The World Summit for Children was held at United Nations Headquarters on 29 and 30 September 1991, with 71 Heads of State or Government in attendance. In addition, 84 Governments participated at ministerial or plenipotentiary level. Mindful of the desire of the initiating Governments that the Summit be a low-cost activity, every effort was made to ensure that the budgetary resolutions A and B approved by the Executive Board at a special session on 6 and 7 September 1990 (E/ICEF/1990/17, decision 1990/35), were not exceeded (see para. 2 below). The present document reports on the status of pledges and funds received and on commitments and expenditures incurred in connection with the Summit and Summit-related mobilization activities.

2. At its special session in September 1990, the UNICEF Executive Board adopted the following resolutions:

"Resolution A

"The Executive Board

"1. Approves the budget estimates for the World Summit for Children for 1990 as follows:

(United States dollars)

Category 1: Staff costs	357 420
Category 2: Operating costs	2 637 342
Total expenditures	<u>2 994 762</u>

"2. Authorizes the Executive Director to administer in the most efficient and effective manner the provisions under each of the categories 1 and 2, and to transfer funds between allotment accounts as required;

"3. Further authorizes the Executive Director to finance the budget from the special account and, until such funds are received, to pay advance expenditures from UNICEF general resources in the receivable account up to the limits of the approved budget."

"Resolution B

"The Executive Board

"1. Approves the budget estimates for mobilization activities related to the World Summit for Children for 1990 as follows:

(United States dollars)

Category 1: Staff costs	504 625
Category 2: Operating costs	1 635 058
Total expenditures	2 139 683

"2. Authorizes the Executive Director to administer in the most efficient and effective manner the provisions under each of the categories 1 and 2, and to transfer funds between allotment accounts as required;

"3. Further authorizes the Executive Director to finance the budget from the special account and, until such funds are received, to pay advance expenditures from UNICEF general resources in the receivable account up to the limits of the approved budget."

"Resolution C

"The Executive Board,

"Mindful that the World Summit for Children is an event of a non-recurring nature of extraordinary significance in which there is a possibility of unforeseen and extraordinary expenditures;

"1. Recognizes the need to establish procedures to be followed by the Executive Director in the event of unforeseen and extraordinary expenditures exceeding the approved budget for the Summit meeting;

"2. Authorizes the Executive Director, with the prior review of the Advisory Committee on Administrative and Budgetary Questions, to enter into commitments up to the limit of total confirmed and anticipated contributions based on the expression of intent of contributors;

"3. Requests the Executive Director to ensure that all unforeseen and extraordinary expenditures are financed from the special account established for the Summit;

"4. Further requests the Executive Director to provide a detailed report specifically on any additional expenditures which are in excess of the approved budget level for review by the Executive Board at its next regular session."

3. The Summit secretariat has completed its work, and the posts have been abolished. However, as a limited number of payments have yet to be made, the special accounts established for the historic World Summit for Children have not yet been closed.

Status of funds

4. In response to the Executive Director's appeal to Governments to make voluntary contributions to the special account for the Summit meeting, confirmed written pledges of \$2,962,484 were received up to 7 March 1991, while commitments and expenditures incurred amounted to \$2,941,734. Funds deposited into UNICEF accounts for this purpose up to 31 December 1990 totalled \$2,759,345. A further \$180,000 was received during 1991.

5. Confirmed written pledges of \$1,798,807 were received for mobilization activities up to 7 March 1991, and funds totalling \$1,462,658 were deposited into UNICEF accounts up to 31 December 1990. Commitments and expenditures incurred against this purpose amounted to \$1,932,258. The Executive Director is in the process of encouraging donors to meet the additional funding requirement of \$133,451.

Conclusions

6. While overall commitments and expenditures for both the Summit meeting and Summit-related mobilization activities are within their respective budgets, in a number of instances, the approved amounts for some of the individual line items were exceeded. In such instances, funds have been transferred between allotment accounts in accordance with the authority given to the Executive Director.

7. Secretariat staff costs for both the Summit meeting and Summit-related mobilization activities exceeded the approved budgets mainly as a result of the requirement that these budgets absorb the income tax liability (\$105,129) for those staff who are United States citizens. A pay increase of 7.5 per cent to all Professional staff on 1 July 1990 also contributed to higher than anticipated expenses.

8. More short-term General Service staff than anticipated were required to provide support to the Professionals and consultants responsible for the Children's Forum (\$3,696) and the Child Survival Task Force/Tidewater meeting (\$4,550), under the mobilization account.

9. Information support for the Summit resulted in significant media coverage and the production of various audiovisual and print materials. Production and world-wide distribution of the keynote video (\$142,276) and the World Summit for Children Exhibit at the United Nations (\$115,004) were each more expensive than anticipated and contributed to the high cost associated with the audiovisual expenditure component in both the meeting and mobilization activities budgets, respectively. Similarly, the publication of the Declaration and Plan of Action and Leadership booklets (\$76,795) was responsible for the higher than anticipated expenditures to the allotment account for media and publications under the mobilization account.

10. The cost of the Declaration and Plan of Action signature albums and other conference room supplies (\$61,552) were charged to the allotment account for office supplies and printed forms in the meeting budget. These expenses were in addition to the normal office supplies and printed forms that were required by the secretariat.

11. The final reporting on the special accounts established for the Summit will be included in the financial report and audited financial statements for the biennium 1990-1991.

TABLE 1. SUMMARY OF FUNDS PLEDGED/RECEIVED
AS OF 31 DECEMBER 1990

(IN UNITED STATES DOLLARS)

	FUNDS PLEDGED		FUNDS RECEIVED	
	SUMMIT	MOBILIZATION	SUMMIT	MOBILIZATION
GOVERNMENTS:				
ALBANIA		2 000.00		2 000.00
BANGLADESH	1 522.21		1 522.21	
BARBADOS	1 996.70		1 996.70	
BELGIUM	100 000.00		100 000.00	
BHUTAN	5 000.00		5 000.00	
BRAZIL	30 000.00		30 000.00	
BYELORUSSIAN SOVIET SOCIALIST REPUBLIC	15 000.00		0.00	
CAMEROON	7 407.40		7 407.40	
CANADA	208 333.33		208 333.33	
CHAD	1 063.83		1 063.83	
CHILE		5 000.00		5 000.00
CHINA	25 000.00	25 000.00	25 000.00	25 000.00
CUBA	4 000.00		4 000.00	
CZECHOSLOVAKIA		100 000.00		100 000.00
DENMARK	87 009.48		87 009.48	
DJIBOUTI	1 000.00		1 000.00	
DOMINICA	500.00		500.00	
EGYPT		50 000.00		0.00
EL SALVADOR	5 000.00		0.00	
ETHIOPIA	1 000.00		1 000.00	
FINLAND	174 375.56	76 000.00	174 375.56	76 000.00
FRANCE	114 503.82		114 503.82	
GAMBIA	3 000.00		0.00	
GERMANY &/	232 642.66	32 258.00	232 642.66	32 258.00
GREECE	5 163.08		5 163.08	
HOLY SEE		3 000.00		3 000.00
INDIA	1 000.00	29 000.00	1 000.00	0.00
INDONESIA	20 000.00	30 000.00	20 000.00	30 000.00
IRELAND	159 270.00		159 270.00	
ITALY	150 000.00	100 000.00	150 000.00	100 000.00
JAPAN	200 000.00		200 000.00	
JORDAN	5 000.00		0.00	
KENYA		2 174.00		0.00
KUWAIT	100 000.00		100 000.00	
LEBANON	5 000.00		5 000.00	
LIBERIA	5 000.00		0.00	
LIECHTENSTEIN	2 000.00		2 000.00	
MALAYSIA	50 000.00		50 000.00	
MALDIVES	1 000.00	1 000.00	500.00	1 000.00
MALI	57 591.62		57 591.62	
MEXICO	75 000.00		75 000.00	
MYANMAR	2 318.39		2 318.39	

TABLE 1 (continued)

	FUNDS PLEGDED		FUNDS RECEIVED	
	SUMMIT	MOBILIZATION	SUMMIT	MOBILIZATION
GOVERNMENTS (continued)				
NEPAL		1 000.00		1 000.00
NETHERLANDS	100 000.00		100 000.00	
NIGERIA	50 000.00		50 000.00	
NORWAY	96 952.22		96 952.22	
PAKISTAN	50 079.68		50 079.68	
PHILIPPINES	2 500.00		2 500.00	
REPUBLIC OF KOREA		50 000.00		50 000.00
ROMANIA	10 000.00		10 000.00	
SAINT VINCENT AND THE GRENADINES	1 851.00		0.00	
SAUDI ARABIA	20 000.00		0.00	
SENEGAL		23 904.38		23 904.38
SINGAPORE	10 000.00		10 000.00	
SRI LANKA	2 500.00		2 500.00	
SUDAN	25 000.00		25 000.00	
SWEDEN	200 000.00		200 000.00	
SWITZERLAND		50 000.00		50 000.00
THAILAND	2 000.00		2 000.00	
TUNISIA	2 000.00		2 000.00	
TURKEY	25 000.00		0.00	
UGANDA		30 000.00		30 000.00
UKRAINIAN SOVIET SOCIALIST REPUBLIC	15 000.00		0.00	
UNION OF SOVIET SOCIALIST REPUBLICS	100 000.00		0.00	
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	134 615.38		134 615.38	
UNITED STATES OF AMERICA	150 000.00		150 000.00	
URUGUAY	1 000.00		0.00	
VENEZUELA		50 000.00		50 000.00
YUGOSLAVIA		20 000.00		20 000.00
ZAIRE	50 000.00		50 000.00	
ZIMBABWE	50 000.00		50 000.00	
	2 955 196.36	680 336.38	2 758 845.36	599 162.38
NATIONAL COMMITTEES:				
AUSTRIA		5 504.59		5 504.59
BELGIUM		10 000.00		10 000.00
BULGARIA		2 475.00		0.00
CANADA		50 000.00		0.00
GERMANY ^{a/}		100 000.00		100 000.00

TABLE 1 (continued)

	FUNDS PLEGGED		FUNDS RECEIVED	
	SUMMIT	MOBILIZATION	SUMMIT	MOBILIZATION
NATIONAL COMMITTEES (continued)				
FRANCE		49 541.28		49 541.28
ITALY		49 195.65		49 195.65
JAPAN		103 333.33		103 333.33
LUXEMBOURG		2 857.15		2 857.15
NETHERLANDS		150 000.00		150 000.00
NEW ZEALAND		1 119.61		1 119.61
POLAND		2 500.00		0.00
PORTUGAL		2 501.51		2 501.51
SAN MARINO		811.04		811.04
SPAIN		105 729.16		105 729.16
SWEDEN		25 000.00		25 000.00
SWITZERLAND		20 000.00		20 000.00
TURKEY		25 000.00		25 000.00
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND		84 459.46		84 459.46
UNITED STATES OF AMERICA		300 000.00		100 000.00
YUGOSLAVIA		1 932.22		1 932.22
		1 091 960.00		836 985.00
OTHERS:				
UNITED STATES AMBASSADOR TO THE UNITED NATIONS - GENEVA	500.00		500.00	
AIDA GINDY		700.00		700.00
ARAMCO OIL COMPANY OF SAUDI ARABIA		25 000.00		25 000.00
LIONS CLUB DOYEN - CONGO		810.81		810.81
NON-GOVERNMENTAL ORGANIZATION - GAMBIA	6 787.67		0.00	
	7 287.67	26 510.81	500.00	26 510.81
TOTAL FUNDS PLEDGED/FUNDS RECEIVED	2 962 484.03	1 798 807.19	2 759 345.36	1 462 658.19

a/ Through accession of the German Democratic Republic to the Federal Republic of Germany with effect from 3 October 1990, the two German States have united to form one sovereign State. As from the date of unification, the Federal Republic of Germany acts in the United Nations under the designation of "Germany".

TABLE 2. SUMMARY OF COMMITMENTS/EXPENDITURES BY OBJECT OF EXPENDITURE: SUMMIT MEETING

(IN UNITED STATES DOLLARS)

Budget code	Description of cost	Approved	Commitments/ expenditures	Variance \$	Variance %
CATEGORY 1 - STAFF COSTS					
01 - Secretariat staff		249 055	349 445	(100 390)	140.31
02 - Professional short-term staff		36 000	38 703	(2 703)	107.51
03 - Short-term support staff		30 015	30 098	(83)	100.28
04 - Overtime		42 350	36 198	6 152	85.47
TOTAL CATEGORY 1 - STAFF COSTS		357 420	454 444	(97 024)	127.15
CATEGORY 2 - OPERATING COSTS					
35 - Travel		30 000	12 609	17 391	42.03
36 - Freight and courier costs		54 993	13 834	41 159	25.16
37 - Telephone and facsimile		17 000	9 000	8 000	52.94
38 - Telex		28 181	0	28 181	0.00
40 - Audiovisual		80 000	169 228	(89 228)	211.54
41 - Media and publications		150 000	164 411	(14 411)	109.61
44 - Mobilization programmes preparation fund		0	0	0	0.00
50 - Rental of premises		102 000	100 396	1 604	98.43
51 - Utilities and maintenance		12 761	3 000	9 761	23.51
60 - Office supplies and printed forms		26 000	81 752	(55 752)	314.43
61 - Computer supplies		11 000	112	10 888	1.02
64 - Rental of photocopier		8 507	6 864	1 643	80.69
65 - Computer rental and maintenance		10 000	340	9 660	3.40
78 - Miscellaneous supplies and services		23 000	9 711	13 289	42.22
85 - Furniture and office equipment		3 900	791	3 109	20.28
92 - Computer equipment		16 000	10 373	5 627	66.08
99 - Meetings, services and support		2 064 000	1 904 669	159 331	92.28
TOTAL CATEGORY 2 - OPERATING COSTS		2 637 342	2 487 290	150 052	94.31
TOTAL ESTIMATE - SUMMIT MEETING COSTS		2 994 762	2 941 734	53 028	98.23

/...

TABLE 3. SUMMARY OF COMMITMENTS/EXPENDITURES BY OBJECT OF EXPENDITURE: MOBILIZATION ACTIVITIES
(IN UNITED STATES DOLLARS)

Budget code	Description of cost	Approved	Commitments/ expenditures	Variance \$	Variance %
CATEGORY 1 - STAFF COSTS					
01	Secretariat staff	389 945	444 086	(54 141)	113.88
02	Professional short-term staff	72 000	30 970	41 030	43.01
03	Short-term support staff	15 030	24 174	(9 144)	160.84
04	Overtime	27 650	13 594	14 051	49.18
	TOTAL CATEGORY 1 - STAFF COSTS	504 625	512 829	(8 204)	101.63
CATEGORY 2 - OPERATING COSTS					
35	Travel	40 000	41 981	(1 981)	104.95
36	Freight and courier costs	60 007	28 529	31 478	47.54
37	Telephone and facsimile	14 000	8 000	6 000	57.14
38	Telex	34 219	0	34 219	0.00
40	Audiovisual	75 000	192 226	(117 226)	256.30
41	Media and publications	190 000	225 859	(35 859)	118.87
44	Mobilization programmes preparation fund	930 000	760 583	169 417	81.78
50	Rental of premises	123 000	120 074	2 926	97.62
51	Utilities and maintenance	17 239	3 121	14 118	18.10
60	Office supplies and printed forms	24 000	14 400	9 600	60.00
61	Computer supplies	14 000	92	13 908	0.66
64	Rental of photocopier	11 493	8 478	3 015	73.77
65	Computer rental and maintenance	0	0	0	0.00
78	Miscellaneous supplies and services	16 000	6 036	9 964	37.73
85	Furniture and office equipment	6 100	1 647	4 453	27.00
92	Computer equipment	8 000	6 995	1 005	87.44
99	Meetings, services and support	72 000	1 408	70 592	1.96
	TOTAL CATEGORY 2 - OPERATING COSTS	1 635 058	1 419 429	215 629	86.81
	TOTAL ESTIMATE - MOBILIZATION ACTIVITIES COSTS	2 139 683	1 932 258	207 425	90.31



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FOR ACTION

RECOMMENDATION FOR ADDITIONAL HEADQUARTERS OFFICE ACCOMMODATION

SUMMARY

The present document presents the main findings and conclusions of a review and analysis of UNICEF headquarters office requirements as requested by the Executive Board in its decision 1990/25. In view of the results of the review and the critical office space situation at headquarters, the Executive Director recommends that he be granted the authority to negotiate a lease for additional office space within the general framework of the proposals outlined in paragraphs 42-48, on the understanding that the rental costs shall not exceed the levels shown in table 3. The Executive Director also recommends that he be authorized to incur related one-time installation and moving costs not to exceed \$2 million, as shown in table 4. The target date for the commencement date of the lease and the occupancy of the premises is 1 January 1992, which will require that the lease be signed by approximately 1 July 1991. The financial implications are included in the revised budget estimates for the biennium 1990-1991 and budget estimates for the biennium 1992-1993 (E/ICEF/1991/AB/L.1).

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INTRODUCTION

1. At the 1990 session of the Executive Board, the Executive Director recommended that he be authorized to sign a lease for one additional floor of office space at 333 East 38th Street, consisting of 40,000 square feet, where the UNICEF Greeting Card Operation (GCO) is currently located, in order to provide critically needed additional headquarters office accommodation (E/ICEF/1990/AB/L.9). On 22 January 1990, before submitting this recommendation to the Executive Board, the Executive Director had submitted a similar proposal to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

2. In view of the amounts involved and the length of the proposed lease (14 years), ACABQ recommended to the Executive Director, in a letter from its Chairman dated 5 March 1990, that before a decision be taken on the matter, a document should be submitted to the Executive Board requesting a policy decision on the rental of premises outside UNICEF House.

3. On the recommendation of the Committee on Administration and Finance, which considered the Executive Director's recommendation, the Executive Board deferred its decision on additional headquarters office space requirements until its 1991 session (decision 1990/25). The Board also requested the Executive Director, bearing in mind its views and those of ACABQ, to submit at the earliest opportunity through ACABQ to the 1991 Executive Board, a review and analysis of UNICEF headquarters office requirements, including, *inter alia*, current and future space needs, relationship to the medium-term plan, alternative locations, estimated costs and a statement of rental policies.

I. UNICEF RENTAL POLICIES

4. In its decision 1990/25, the Executive Board requested a "statement of rental policies". Since the inception of UNICEF in 1946, however, no formal rental policies have been established, either for headquarters or field office accommodation requirements. In practice, there has been a *de facto* policy, which is described below.

5. Over the years, office space requirements at headquarters have increased gradually in line with the overall growth of the organization. It has been the practice of the Executive Director to obtain approval from the Executive Board for additional office space, either in the budget estimates or through separate recommendations, whenever such additional office space was required. UNICEF activities have grown significantly over the years. For example, total real income* has increased from \$164 million in 1960 to \$750 million in 1990

* In order to make a meaningful comparison with UNICEF projected income for the year 1990, the income figure for the year 1960 has been adjusted for inflation using the industrial countries consumer price index, i.e., the income for 1960 has been given in 1990 United States dollars.

(projected), an increase of 357 per cent. The number of posts at headquarters has also increased from a total of 154 in 1960 to 647 in 1990, an increase of 320 per cent.

6. In 1966, UNICEF occupied 28,300 gross square feet in the United Nations Secretariat building. Because of the critical shortage of office space at United Nations Headquarters, in April of that year UNICEF had to seek outside office accommodation. As a result, in 1966, the Board approved a recommendation of the Executive Director that UNICEF rent approximately 40,000 gross square feet of space at 866 United Nations Plaza on a five-year lease, beginning 1 November 1966. This lease was subsequently extended for another five years, until 1976.

7. In 1976, the Executive Director informed the Executive Board that the owners of 866 United Nations Plaza were unlikely to be able to offer UNICEF a longer-term lease comparable in cost to other possibilities. While office rentals elsewhere in Manhattan at the time could permit appreciable savings, the outright purchase of a building with tax-exempt space might present considerably greater long-term benefits in view of the fact that real estate taxes then represented 23 per cent of UNICEF rental costs. At the time, most Board members stated that UNICEF should consider purchasing or possibly renting elsewhere because of the potential savings. The Board authorized the Executive Director to extend the lease at 866 United Nations Plaza for one or two years, and at the same time to continue exploring the possibility of purchasing a building in the United Nations area, or if such a purchase should not prove desirable, to negotiate a new longer-term lease at 866 United Nations Plaza. Subsequently, UNICEF made extensive efforts to locate a building to purchase, but none proved suitable because of inadequate size, excessive cost or other reasons. Thereafter, the lease at 866 United Nations Plaza was extended to 31 December 1988, which was approved by the Executive Board. In 1984, the United Nations Development Corporation (UNDC) offered UNICEF a 15-year lease, with an option to extend it for an additional 15-year period, in a building they were planning to construct on 44th Street near First Avenue in New York City, opposite the DC-2 building, which had been completed in late 1983. After a careful review of this and other possible options available at the time, and taking into account financial and other considerations, the Executive Director recommended that the Executive Board authorize him to accept the offer made by UNDC. The advantages and benefits of the new building, including exemption from real estate taxes, far outweighed its few disadvantages. However, one important disadvantage, which was pointed out at the time, was that it offered only limited space for future growth.

8. In 1984, the Executive Board approved the Executive Director's recommendation to accept the offer from UNDC described above, on the understanding that UNDC would assume the financial responsibility for any unexpired portion of the UNICEF lease with the owners of 866 United Nations Plaza, which would not expire until 31 December 1988. The construction of the new building, which was subsequently named "UNICEF House", was completed in 1987. When UNICEF moved from 866 United Nations Plaza into UNICEF House in July 1987, the amount of office space rented at the former had increased from 40,000 gross square feet in 1966 to approximately 131,000 gross square feet. The additional space had been acquired over the years as needed, with Board approval.

II. HEADQUARTERS OFFICE ACCOMMODATION STUDY

9. In order to undertake the review and analysis of short- and long-term headquarters office accommodation requirements, as requested by the Executive Board, the secretariat employed a specialized consultant firm to assist in the preparation of the study. The firm selected was recommended to UNICEF by the United Nations, which had employed it in 1988 to conduct a comprehensive study of facilities and office space at its Headquarters. Some of the firm's other key clients included major commercial corporations and state and municipal governmental agencies. Because of the complexity of the matter and the financial and operational implications involved, it was considered essential to employ a firm with the necessary expertise and specialized skills to assist the secretariat in fully meeting the requirements of decision 1990/25.

10. The primary goal of the consultant firm is to assist its clients in achieving maximum financial and operational performance from their current and future office facilities. The main terms of reference for the work to be performed for UNICEF included the following:

- (a) To develop an office accommodation master plan for UNICEF headquarters;
- (b) To assist UNICEF in examining and evaluating existing facilities;
- (c) To assist in determining current and future staff and office space requirements (target years: 1990, 1993, 1995 and 2000);
- (d) To determine and develop a plan of action for meeting future office space needs and to recommend strategies for an optimum solution to long-range office accommodation requirements.

11. The study was conducted in two phases from 6 August to 29 October 1990.

12. The main purpose of the first phase of the study was to determine and develop a "space needs profile", which consisted of a series of meetings and interviews with division directors and other senior headquarters staff in order to develop staff and space projections. Questionnaires and relevant worksheets were distributed to each major organizational unit. The data received was then compiled by the consultant firm and reviewed with each division director. An analysis was made of the historical staff growth and space acquisitions of UNICEF.

13. The second phase involved evaluating the current space at UNICEF House, developing location criteria for possible alternative locations, developing financial criteria, conducting a market data survey of possible alternative locations, preparing estimates of relocation costs and developing a long-term occupancy and lease strategy.

III. HEADQUARTERS OFFICE SPACE AND STAFFING FORECASTS

A. Formulation of projections

14. As a result of the study, estimates of staffing and office space needs were developed for the years 1990, 1993, 1995 and 2000 which, as mentioned, were based on interviews with Executive Office staff, division directors and other staff, as well as questionnaires and historical headquarters staffing data from 1962 to the present.

15. As requested by the Executive Board, the estimates of headquarters office space needs and staffing took into account the forecasts contained in the medium-term plan (E/ICEF/1990/3 and Corr.1). However, at the time of preparation of the office space study, the most recent UNICEF medium-term plan only covered the period 1990-1993. Because it was considered necessary, for the purpose of the study, to project long-range headquarters office space needs up to the year 2000, the projections contained in the medium-term plan were only of limited use.

16. The interview and questionnaire process resulted in what the consultant firm considered to be a fairly accurate indication of how the UNICEF directors believed their divisions would grow over the next four to five years. Most interviewees were reluctant to project growth after 1995 with any degree of accuracy. The following indicators were used, both to compare the results of the forecasts for 1990-1995 and as a basis for determining growth patterns beyond 1995: (a) the average growth rate of UNICEF at headquarters over the past 28 years; (b) the estimated growth of the Programme Division over the next 10 years; and (c) projections developed by the Division of Financial Management. The projections from these indicators were then used to arrive at a weighted average which served as the final basis for future growth forecasts.

17. The data received from the Programme Division included projections for its future growth based upon its anticipated planning and funding. These projections are a good indicator of how much the rest of the organization might grow, since most of headquarters' growth is either directly or indirectly in support of Programme Division activities. The square-foot calculations were arrived at by multiplying the average square feet per person/year (developed from the interview and questionnaire process described above) times the estimated staffing numbers for each of the study target years (1990, 1993, 1995 and 2000). A weighted average was then calculated by estimating the relative importance of each indicator and using this to recalculate the average. The average was then converted into rental square feet. This square footage was used as the basis for the office space projections for the study target years.

B. Additional office space now required and estimated future needs up to the year 2000

18. Based on the results of the study and the forecast methodology described above, the staffing and office space needs for the period 1990-2000 have been estimated as follows:

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Table 1

Estimated staffing and office space needs for the period 1990-2000

	Total capacity of UNICEF House	1990	1993	1995	2000
Estimated number of occupants	688	781	867	938	1 053
Number of gross rentable square feet	180 491 ^{a/}				
Estimated number of additional gross rentable square feet required outside UNICEF House	N/A	21 000	54 000	68 000	100 000
Cumulative total headquarters office space (gross sq ft)	180 491 ^{b/}	201 491	234 491	248 491	280 491

^{a/} Of this total, only about 146,300 square feet are utilized for office space, including standard-size conference and meeting rooms on office floors 2-13. The remainder consists of the ground floor and two basements.

^{b/} Figures exclude 40,000 gross rentable square feet of office space occupied by GCO at 333 East 38th Street.

19. It should be noted that the total occupancy figures shown in table 1 include core staff (established posts), headquarters-based project posts (financed either from general resources or supplementary funds), short-term temporary General Service staff, short-term Professional consultants, staff awaiting reassignments and temporarily assigned to headquarters, as well as some staff from other agencies such as the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the New York Metropolitan Committee for UNICEF and the travel agency staff, who are not included in UNICEF staffing tables.

20. In looking at growth in UNICEF staffing, it should be noted that the number of core and project-funded posts in New York, expressed as a percentage of total UNICEF posts (at headquarters and in the field), has declined over the past 20 years. From 1965 to 1979, the percentage of posts at headquarters was about 25 per cent. By 1975-1980, this percentage had decreased to 17 per cent. During 1985-1990, the percentage of headquarters posts declined to about 12-13 per cent.

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It should also be noted that the 12-13 per cent figure for headquarters in 1990, unlike earlier years, also includes 140 posts directly related to project assistance support, the cost of which is charged to project funds (either general resources or supplementary funds).

21. Prior to the mid-1970s, UNICEF programme activities were mainly supply-oriented. Since then, UNICEF programme cooperation has gradually become more staff-intensive and requires the use of more project-funded staff, especially in the areas of programme development, implementation and evaluation. As discussed in paragraphs 22-28 below, the overall growth and expansion of UNICEF programme activities in the field, including the increase of staff required in the field to cope with this work-load, have had a direct effect on the work-load of virtually every division at New York headquarters in support of field activities and programmes of cooperation in more than 100 offices and 200 duty stations.

C. Present office space situation at UNICEF House

22. As noted in paragraph 21 above, the growth and expansion of UNICEF programme activities in the field, including the increase of field staff required to cope with this work-load, has a direct effect on the work-load of virtually every division at headquarters. This is clearly indicated in the justification for strengthening the capacity at headquarters, which is explained at length in the most recently approved UNICEF budget estimates (E/ICEF/1989/AB/L.1, paras. 247-391). While these field-related responsibilities are too numerous to include in the present document, it may be useful to mention some of them. The Office of the Executive Director is responsible for planning, coordinating, directing and reviewing the activities of UNICEF regional and field offices. The Office of Internal Audit is responsible for conducting financial and operational audits of all field offices, including reviews of programme cooperation, with particular emphasis on assessing the degree of efficiency and effectiveness in the delivery of UNICEF inputs. The Programme Funding Office maintains close ties with field offices with respect to regular and supplementary funding.

23. The Division of Information assists field offices with all aspects of information activities. The Division of Personnel is responsible for recruitment and career development of all international Professional staff, Junior Professional Officers and the appointment of United Nations volunteers for all field offices, as well as providing guidance and advice on personnel policies and regulations. The Training Section of the Division of Personnel also organizes field office training programmes and seminars. The Office of Administrative Management assists field offices with many administrative support activities, including basic agreements with Governments, legal matters, staff housing needs, leases for office premises, construction of office premises, negotiations with other United Nations organizations and Governments with respect to common premises, insurance and procurement of administrative vehicles, housing subsidies for field staff, security measures, submission of claims to the United Nations Compensation Board and the administration of the UNICEF Household Appliances Scheme.

24. The Office of Information Resources Management provides technical support services to the field in the selection, acquisition and installation of computer hardware, software, networks and telecommunications equipment. It helps to coordinate and develop global information systems and to provide technical training to field office staff as necessary. The responsibilities of the Planning Office include the support and strengthening of the capacities of the basic organizational units in UNICEF, including regional and field offices, to formulate medium- and long-term plans.

25. The impact of field offices on the work of the Division of Financial Management is very great, as the accounts and financial records of the organization are maintained at headquarters. In addition, the Division is responsible for serving field offices in connection with all budgetary matters, including preparation of the budget, issuance of budget allotments and overall budgetary control of expenditures. The Finance Section is responsible for handling all UNICEF financial resources, including approval of all banks in the field where accounts may be opened, the replenishment of field office accounts and providing functional guidance on financial management to field offices. The Division of Financial Management also maintains a training programme for field office staff related to the processing of field office accounts, the maintenance of manuals and the organization of training workshops, as necessary.

26. The Programme Division provides extensive support to field offices in the formulation, implementation, monitoring and evaluation of all country programmes. The Division provides overall guidance in the development of programme policies and provides substantive support to the field for staff development and training in programme policy and operational procedures. These responsibilities require extensive travel to field offices on a regular basis. The Evaluation Office assists field offices in developing and strengthening evaluation capacities at regional and country levels. This Office provides support to field evaluative activities in close collaboration with Programme Division and selectively conducts joint evaluations with field offices concerned with Governments and donor agencies.

27. The Supply Division at headquarters serves as the liaison between the Supply Division Warehouse at Copenhagen and headquarters, and is responsible for providing supplies and equipment for UNICEF programme activities in the field. Its work is directly affected by the level of field office programmes.

28. Based on the current organizational structure of UNICEF, there cannot be a significant increase in field work and in the number of field staff without some modest strengthening of essential headquarters operational services to the field. This is also reflected in the proposed budget estimates for the biennium 1992-1993 (E/ICEF/1991/AB/L.1). As noted in paragraph 22 and table 1 above, the study has indicated that because of the shortage of space at UNICEF House there are currently a number of posts in the various divisions at headquarters which cannot be accommodated.

IV. OCCUPANCY ANALYSIS OF UNICEF HOUSE

29. As noted in paragraph 13, the work plan of the study included an assessment of the current facilities at UNICEF House and an evaluation of how space in the building is currently being used. The interviews with UNICEF management indicated that UNICEF House was quite adequate in terms of overall work environment, building amenities and support areas. In general, current divisional adjacencies were adequate, with some minor improvements possible.

30. A tour of the building by the consultants confirmed the major comments made during the interviews. The consultants also identified many modifications to the layout of furniture workstations made since UNICEF first occupied the building in 1987. These modifications had resulted from a "downsizing" of the workstation standard, primarily to increase the staff capacity of the building.

31. A floor-by-floor analysis of the existing space was made in order to determine the amount of "usable" area compared to the "gross rentable" area in the building. "Usable" area is sometimes known as "carpetable" area. Landlords usually calculate "usable" and "gross rentable" areas using varying methods. For the purposes of the UNICEF study, the "gross rentable" area at UNICEF House is the square footage on which the rent is paid. The "usable" area is the gross area on a floor less the space taken up by restrooms, elevator lobbies, mechanical and electrical rooms, janitor closets, air handling units along exterior windows (convectors) and other structures such as columns. The amount of "usable" space compared with "gross rentable" space is higher in UNICEF House than in a typical New York City office building. The amount of "usable" space at UNICEF House has been estimated at approximately 150,400 square feet, compared with 180,491 "gross rentable" square feet. The amount of "gross rentable" space is therefore 1.2 times the amount of "usable" space. In a typical New York City office building, the amount of "gross rentable" space is usually approximately 1.4 times the amount of "usable" space. Therefore, the amount of "gross rentable" area required in a typical New York office building to be equivalent to the "usable" space in UNICEF House is approximately 210,500 "gross rentable" square feet, which represents an increase of about 17 per cent.

A. Analysis of existing space standards

32. The consultants conducted an analysis of existing UNICEF workspace standards. First, a workspace standards comparison was prepared to compare current standards with those of the United Nations and of private industry for similar job classifications. Second, a basic evaluation of UNICEF workspace standards was prepared along with recommendations for any modifications or additions.

33. The following space standards comparison schedule (table 2) is broken down into two areas: private offices for international Professional staff and "workstations", which are modular furniture units mainly used by General Service staff. UNICEF, in setting up its original space standards, chose to limit the amount of standard space to one office size to accommodate all international Professional staff below the director/head of office level and one workstation size

Table 2

Space standards comparison schedule

United Nations standards		UNICEF standards		Private industry	
Job classification	Existing space (sq ft)	Comparable job classification	Existing/proposed (sq ft)	High	Low (sq ft)
Private office:					
Under-Secretary-General	420	Under-Secretary-General	420	600	320
Assistant Secretary-General	375	Assistant Secretary-General	375	400	275
D-2 - Director	336	A - Director, Head of office or division	240	340	225
D-1 - Deputy Director	240	B - Deputy Director, Chief	120	175	125
P-5 - Senior staff	144	B - Chief, Officer	120	175	125
P-4 - Professional staff	96	B - Assistant to Director	120	175	125
P-3 - Professional staff	96	B - Officer	120	175	125
P-2 - Professional staff	96	B - Officer	120	175	125
P-1 - Professional staff	96	B - Officer	120	175	125
Furniture workstation:					
G-7 - General Service	60	C - Senior Assistant Supervisor Assistant Programmer	76	150	65
G-7 - General Service	60	C - Assistant	76	100	60

Table 2 (continued)

Job classification	United Nations standards		UNICEF standards		Private industry	
	Existing space (sq ft)		Comparable job classification	Existing/proposed (sq ft)	High	Low (sq ft)
G-5 - General Service	50		C - Principal Secretary Senior Clerk	76	100	65
G-4 - General Service	50		D - Senior Secretary Secretary, Senior Clerk	76	72	36
G-3 - General Service	45		D - Clerk, Information Analyst	76	54	36
G-2 - General Service	45		D - Assistant Officer, Computer Operator	76	42	30
G-1 - General Service	36		D - Clerk	76	42	30

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to accommodate all General Service staff. The intent was to minimize the amount of reconfiguring of the space in order to save occupancy costs over the life of the lease.

34. In the consultants' opinion, the current space standards are very workable and provide an adequate amount of worktop, filing and storage space. Having only two standards also contributes to significant cost savings where there is even a moderate relocation of staff and divisions within the building on an ongoing basis.

B. UNICEF House occupancy analysis conclusion

35. As noted in paragraph 31 above, the ratio of "usable" space to "rentable" space at UNICEF House is much better than the average New York City office building. As indicated in table 2, current UNICEF space standards are certainly not excessive, when compared with those of the United Nations and private industry. While an opportunity exists to gain a small amount of additional space in UNICEF House (approximately 5,000 square feet, which is less than 3 per cent of the total available space), the consultants advised that this should be viewed as a "safety value" for unforeseen space requirements, but that it would not solve the organization's long-term space needs.

V. MARKET SURVEY OF ADDITIONAL OFFICE SPACE: POSSIBILITIES AND LOCATION CRITERIA

36. The 10-year staff and space projections call for an increase of about 55 per cent in the size of UNICEF headquarters office accommodation, requiring an estimated additional 100,000 gross rentable square feet by the year 2000. In view of the large investment UNICEF has made in the facilities at UNICEF House, the various advantages that this building offers, its space efficiency and its proximity to the United Nations organizations in the area, the Executive Director recommends that UNICEF House should continue to be the primary headquarters location of UNICEF, as approved by the Executive Board in 1984. The fourteenth and fifteenth floors of UNICEF House, currently used for apartments, were considered as a possibility for office expansion. However, this option was ruled out early in the study as impractical, too costly and of insufficient size. It should be noted that the apartments are owned and rented by UNDC and have nothing to do with the office space rented by UNICEF from UNDC.

37. The consulting firm and UNICEF developed location criteria to evaluate possible locations within a 25-mile radius of UNICEF House and within New York State. These criteria included distance from UNICEF House, availability to public transportation, location of employee residences and reasonable travel time by public transportation to a proposed new location. The consulting firm then evaluated buildings within this selected area that could meet the initial 1995 space requirements, as well as the future expansion options through the year 2000. Areas considered included all of Manhattan, Long Island City, Queens and Westchester County (White Plains).

38. The following target areas were considered and included in the survey:

(a) A seven-block vicinity of the United Nations, representing locations that are considered to be within close proximity to the United Nations;

(b) Midtown Manhattan, between 60th and 20th Streets from the East River to Eighth Avenue, not including the United Nations vicinity described above;

(c) Downtown Manhattan, between 20th Street and the southern tip of Manhattan, focusing primarily on the financial district;

(d) Queens, primarily Long Island City and located within the criteria developed;

(e) Westchester (White Plains) within walking distance of the train station.

39. A complete market survey was conducted for each target area, identifying the buildings that met UNICEF present and future space needs. The consulting firm conducted preliminary negotiations to understand the general transactions that would be negotiated in each building in the target areas.

40. Based upon the survey of the targeted areas, the following recommendations were made:

(a) No further consideration should be given to buildings in White Plains. The majority of employees would have to travel over one hour to and from this location. While there is some potential for rental savings, the consultants believe that these savings would be offset by having to lease 7 to 10 per cent additional support space, the potential loss of employees, the costs associated with the rehiring and training of new employees and the cost of travel and communication between UNICEF House staff and White Plains;

(b) The cost savings offered as inducements to move to Brooklyn or Queens predominantly involve tax abatements. The over-supply of space in Manhattan has driven occupancy costs down to a point where they now compete with the cost of new construction in the outer boroughs. Therefore, the consultants recommend that no further consideration be given to Brooklyn or Queens;

(c) Cost differentials between midtown and downtown Manhattan are minimal in the buildings under consideration, so the consultants recommended that UNICEF not pursue renting in that area.

41. Altogether, 169 buildings were included in the market survey (3 in Westchester, 8 in Queens, 40 in downtown Manhattan and 118 in midtown Manhattan). The list of possible buildings in midtown Manhattan meeting UNICEF space requirements was then narrowed down to 12. After a final review of these 12 possibilities, taking into account cost, location and availability of total space for possible future growth, the list was narrowed down to four buildings, all located in fairly close proximity to and walking distance of UNICEF House and the United Nations.

VI. LEASE PROPOSALS AND ESTIMATED COSTS

A. Lease proposals

42. In order to obtain the best lease offers from building owners, the consulting firm has recommended that UNICEF should negotiate a lease for a 15-year term, with three 5-year renewal options. It would also contain an option for cancellation at the end of the tenth year, or in July 2002, which is the date that the current initial lease at UNICEF House expires. (It should be noted that the current lease with UNDC contains an option to renew the lease at UNICEF House for an additional 15-year period beyond July 2002. Before that lease is renewed, the Executive Director will seek Executive Board approval.) One of the objectives of the lease negotiations for the new space would be to attempt to obtain a lease at a fixed rate of base rent for the initial 10-year period of the lease, which would contain option clauses to rent additional space at the end of the first 5-year period and again perhaps 3 years after, at the same fixed rental rate. At the end of the first 10-year period of the lease, if UNICEF did not require additional space or wished to relocate elsewhere, UNICEF would have the option of cancelling the balance of the lease.

43. It is proposed that UNICEF should initially rent 50,000 gross rentable square feet of space, with expansion options of adding up to an additional 50,000 gross rentable square feet during the remainder of the initial 10-year term, at the same fixed base rental rate as the initial 50,000 square feet. This will give UNICEF the flexibility of reviewing space requirements during the term of the lease and acquiring additional space only up to the amount necessary.

44. The consultants have recommended that UNICEF re-evaluate the organization's growth patterns and directions again between 1994 and 1996, at the time of the first expansion option. At that time, UNICEF could consider the possibility of consolidating all its headquarters into one facility in New York City or elsewhere. A termination clause could be included in the lease for the year 2002, which is when the initial 15-year lease term for UNICEF House is over.

45. It would be the intention of UNICEF to include in the lease a provision that would allow UNICEF to sublet part of the space that is not immediately needed. This could be done on short subleases, which would permit UNICEF to recover the space to meet future expansion needs.

46. The consulting firm has strongly advised against only a 5-year lease because building owners would offer much better financial terms for a 10- or 15-year lease, a higher contribution towards a tenant's one-time-installation costs and possibly a rent abatement concession during the initial term of the lease. Under a five-year lease, the landlord would not make a significant contribution towards one-time-installation costs since a five-year term would not be long enough to amortize his investment.

47. In addition, UNICEF would have to incur part of the one-time-installation costs for furniture, computer, telephone, telex, etc., as well as design/architectural and legal costs. It would be better for UNICEF to make use of this investment over a longer period of time.

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48. Lastly, a 10-year lease with a fixed-base rent schedule would protect UNICEF from possible higher rental rates in the future, during a period that current general economic conditions indicate may be inflationary. The consultant firm has advised UNICEF that now is an opportune time to negotiate a lease for office space in New York City because there is currently ample vacant space available at rates lower than those that prevailed earlier.

B. Estimated rental costs

49. The estimated rental costs that follow in table 3 below have been based on current market data. The estimated costs represent a medium average of the four "short-listed" buildings referred to above. The consultant firm has advised UNICEF that these average costs are what UNICEF would most likely encounter in today's market. It is their belief that through negotiations, some concessions may be obtained, which would probably result in somewhat lower costs.

Table 3

Estimated rental costs

(In United States dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross base rent <u>a/</u> (50,000 sq. ft.)	1 450 000	1 450 000	1 450 000	1 450 000	1 450 000
Operating expenses <u>b/</u>	-	13 000	27 000	41 500	56 500
Real estate taxes <u>c/</u>	-	10 500	21 500	33 000	45 500
Electricity <u>d/</u>	145 000	152 200	159 800	167 700	176 000
Total occupancy cost	1 595 000	1 625 700	1 658 300	1 692 200	1 728 000

a/ Gross base rent is estimated at \$29.00 per square foot for the entire lease period.

b/ Operating expenses are estimated to be \$5.25 per rentable square foot in year 1 (base year). These costs have been increased by 5 per cent per year.

c/ Real estate taxes are estimated to cost \$4.20 per rentable square foot in year 1 (base year). These costs have been increased by 5 per cent per year.

d/ Tenant electricity has been calculated at \$2.90 per rentable square foot in year 1 and have been increased by 5 per cent per year.

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50. The rental cost estimates in table 3 have been shown for the first 5-year period of the lease only, covering 50,000 gross rentable square feet of space. No cost projections have been made beyond 1996, as the amount of "option" space which UNICEF may require by that time is not known. However, the base rental cost for each of the five years is estimated to be \$29.00 per square foot, although building escalation costs would rise, which is normal owing to increases resulting from inflation for electricity and building operating expenses, etc. Estimated one-time installation costs have been shown separately in table 4 below. The cost estimates assume that occupancy of the premises will take place in late 1991 or early 1992.

C. One-time installation and moving costs

51. The estimated one-time installation and moving costs related to the initial occupancy of the building totalling \$2 million (net) are shown in table 4 below:

Table 4

Estimated one-time installation and moving costs

(In United States dollars)

Design services for floor layout, project assistance services and legal services	150 000
Furniture, equipment and floor covering	958 000
Computer, telephone and telex installations	250 000
Construction and installation costs	2 225 000
Moving costs	<u>100 000</u>
Subtotal	3 683 000
Add: 5 per cent contingency	<u>184 150</u>
Subtotal	3 867 150
Less: estimated landlord's contribution towards construction and installation costs	<u>(1 934 150)</u>
Total (net)	<u><u>1 933 000</u></u>

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VII. RECOMMENDATION

52. Taking into account the results of the review and analysis described above and the critical office space situation at New York headquarters, the Executive Director recommends that he:

(a) Be authorized to negotiate a lease for a 15-year term with three 5-year renewal options, as outlined in paragraphs 42-48 above. The lease will contain an option for cancellation at the end of the tenth year, or in July 2002, which is the expiration date of the current lease at UNICEF House;

(b) Be authorized to incur related one-time installation and moving costs not to exceed \$2 million as shown in table 4 above.

53. The cost implications of these two recommendations are included in the revised budget estimates for the biennium 1990-1991 and the budget estimates for the biennium 1992-1993 (E/ICEF/1991/AB/L.1). If these recommendations are approved, the Executive Director will submit a report to the Executive Board at its 1992 session concerning their implementation that would include, inter alia, the main elements of the lease negotiated and all financial implications, which will not exceed the levels indicated in the present document.
